



**Commonwealth of Massachusetts Executive Department
Office of Governor Deval L. Patrick
Press Release**

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**PATRICK ADMINISTRATION RELEASES FISCAL
YEAR 2015 BUDGET RECOMMENDATION**

Budget Proposes Investments in the Commonwealth's Future to Expand Growth and Opportunity for all of the Commonwealth's Residents

BOSTON – Wednesday, January 22, 2014 – Governor Deval Patrick today filed his Fiscal Year 2015 (FY15) budget, a balanced plan that reflects the Governor's commitment to creating broad-based opportunity for all residents of the Commonwealth, managing state finances responsibly and making government work more efficiently.

This budget makes a significant commitment to expanding early education opportunities for children in Massachusetts, and supports the Governor's four key priorities of growing jobs throughout the Commonwealth, closing the achievement gap in our schools, ensuring that health care is as affordable as it is accessible and addressing youth and urban violence.

"This budget is a balanced, responsible budget that supports our growth strategy of investing in education, innovation and infrastructure to create jobs and opportunity in the near term and strengthen our Commonwealth in the long term," said Governor Patrick. "I am proud of the progress we have made by working together and governing for the long term over the past seven years. Let's continue this work, inspired by our shared commitment to leave to others a better Commonwealth than we found. In that spirit, I look forward to working with the Legislature on this budget."

The Governor's record of strong fiscal management, in partnership with the Legislature, has resulted in the Commonwealth receiving the highest credit ratings in its history. Governor Patrick continues his Administration's commitment to strong fiscal and economic stewardship with his FY15 budget which proposes state spending of \$36.374 billion, a 4.9 percent increase from FY14, in line with projected tax revenue growth of 4.9 percent.

"This budget invests in creating opportunity and shared prosperity throughout the Commonwealth," said Secretary of Administration and Finance Glen Shor. "The budget reflects the Governor's continuing commitment to governing for the long term to leave a better Commonwealth for future generations."

EDUCATION

Governor Patrick is committed to investing in education because education is the foundation for opportunity and economic mobility.

As a result of the Administration's strategic investments in education and innovation to date, the Commonwealth's students perform at the top in national and international assessments of academic achievement. The FY15 budget proposes \$204.9 million in increased education funding designed to make progress in providing a world-class education from the earliest ages through college. The FY15 budget invests in education by:

- Recognizing Early Education as a Key to Student Success – The Governor will continue his commitment to expanding access to early education as a critical tool for closing the achievement gap by proposing a new \$15 million investment in high-quality early education programs. Combined with similar investments in FY14, this funding will support quality improvements at early education centers across the state and provide over 4,000 children with access to early education programs.
- Expanding Access to Full-Day Kindergarten – Governor Patrick proposes \$3.1 million to increase and refocus kindergarten expansion grants to provide communities without full-day kindergarten classrooms the ability to offer such classrooms.
- Supporting K-12 Education – Governor Patrick proposes a record \$100 million increase in Chapter 70 local education aid. This will bring Chapter 70 spending to \$4.4 billion, the highest level in state history and 34 percent greater than when Governor Patrick took office. This level of funding will keep every school district at foundation levels of spending, guarantee an increase of \$25 per pupil for every district, make significant progress on the Chapter 70 equity reforms of 2007 and eliminate the cap on the number of pre-kindergarteners included in Chapter 70 district enrollment.
- Supporting Our Highest-Need Students – The Governor proposes targeted investments to improve student performance, including \$4.5 million to support expanded learning time for middle school students, \$3.1 million in new funding for schools that want to voluntarily engage in innovative approaches to improving student performance and \$1.25 million in additional funding for comprehensive supports to students and their families in Gateway Cities.
- Making Higher Education More Affordable – The Governor's budget proposal includes \$1.1 billion in higher education funding in FY15. This includes a \$68.4 million investment in higher education campuses that will make a real difference to the thousands of families who worry about how to afford the quality college education their kids need to succeed in today's economy.

JOB CREATION

The Governor's FY15 budget includes investments that will increase employment opportunities, link job seekers with industries growing in Massachusetts and continue our record of success in leveraging education, innovation and infrastructure to grow jobs.

Transportation - Governor Patrick understands that investing in a comprehensive and reliable transportation system for the Commonwealth creates jobs and opportunity for all our residents and is essential to our economic vitality. In line with the goals set out in the 2013 Transportation Finance law, the FY15 budget increases funding for MassDOT and the MBTA by \$141 million to end the costly and fiscally unsustainable practice of paying for transportation staff on the capital budget and in turn creating more room for investments to build better roads, rail and bridges across the Commonwealth. It will also continue to eliminate the MBTA's structural operating deficit and make modest service improvements for MBTA bus and subway service. The FY15 investments are based on the financial framework enacted by the Legislature, updated for new fiscal projections for MassDOT and the MBTA.

Through its capital plan, the Patrick Administration is funding a multi-year strategy to improve our roads, rail and bridges across the entire state. The Administration has planned for \$12.4 billion in capital investments in public transit, highway, bridge and aeronautics programs over the next five years, pending legislative approval of a transportation bond bill.

Life Sciences - The Patrick Administration proposes \$25 million in FY14 surplus funds for the Mass Life Sciences Center (MLSC) to provide research grants and accelerator loans to researchers and early-stage companies, and support workforce development efforts in the life sciences. This investment will continue efforts to promote Massachusetts as a global leader in all stages of business development in life sciences industries, from discovery to commercialization.

PUBLIC SAFETY

Stronger and safer communities begin with efforts to prevent youth violence and provide supporting services and opportunities for the most vulnerable. Governor Patrick is committed to providing the tools needed to build a positive future for the Commonwealth's youth that will save in the long-run on unnecessary costs and negative outcomes.

Criminal Justice and Reentry Reform – The Governor's plan for reentry will dramatically improve inmates' reentry into their communities, increasing opportunities for formerly incarcerated individuals and enhancing public safety. The budget includes \$2.1 million to support evidence-based reentry programming for the Department of Correction (DOC) that includes a state-to-county facility step-down program and appropriate addiction treatment in the least restrictive environment to all individuals who are involuntarily committed to state custody due to substance abuse. It also addresses the lack of post-release supervision for a targeted group of high-impact inmates.

Promoting Strong, Safe Communities – The Governor's FY15 budget makes significant investments to promote strong and safe communities for our youth and families. This budget includes \$9.5 million for the Safe and Successful Youth Initiative, \$7 million for the Commonwealth's landmark Juvenile Justice Pay for Success Initiative

to prevent youth recidivism in our adult criminal justice system while paying only after results are achieved, \$9.2 million for capacity building and operational improvements at the Department of Children and Families to better serve families in need and \$15 million to implement “Raise the Age” legislation signed by the Governor in 2013 that changes juvenile jurisdiction laws to support the rehabilitation of young people through age 18.

STRENGTHENING OUR SAFETY NET AND EXPANDING ACCESS TO HEALTH CARE

The Governor’s FY15 budget continues to protect our state’s safety net, which provides vital services for our most vulnerable residents.

- **Supporting Human Service Workers and Those They Serve** – The Patrick Administration is committed to supporting human service providers, which employ nearly 200,000 people and serve the Commonwealth’s most vulnerable residents. The FY15 budget provides for a \$163 million increase over FY14 to recognize human service providers for the work that they do.
- **Expanding Access to High Quality Health Care** – Consistent with Governor Patrick’s leadership in implementing the state’s historic health care reform and cost-containment initiatives, the FY15 budget expands and streamlines access to health care for individuals and working families. The FY15 budget maintains last year’s restoration of coverage for dental fillings for adult members in MassHealth, and restores coverage for dentures in the second half of the fiscal year.
- **Expanding Elders Services** - The FY15 budget provides new investments of \$16.9 million that eliminates the waitlist for the statewide Elder’s Home Care Program and also expands the Supportive Housing program from 31 sites to 41 sites.

GOVERNING FOR THE LONG TERM

Governor Patrick remains committed to governing for the long-term to leave a better Commonwealth for future generations. Consistent with that goal, the Governor’s FY15 budget includes funding for key initiatives that help change and improve the way government does business.

Climate Preparedness

The Patrick Administration will expand its climate change efforts through a \$52 million cross-Secretariat investment using operating, capital and trust resources. Of the \$52 million investment, the Governor’s FY15 budget includes \$2 million for the Executive Office of Energy and Environment Affairs to collaborate with Secretariats in determining the investments that will have the most effective, immediate and long-lasting impact on our climate change preparedness. The preparedness strategies that will benefit most from enhanced collaboration relate directly to the Commonwealth’s infrastructure, specifically transportation, energy, our communities and public health.

Effective and Accountable Government

The Patrick Administration is dedicated to making state government more effective, efficient and accountable. This year, through the MassResults initiative, each

Secretariat is publishing Performance Reports outlining how it has performed on a series of previously announced measurements – promoting accountability for achieving real results on the public's behalf.

For the second consecutive year, the Governor's budget will be published in program format to provide comprehensive information on how taxpayer dollars are being spent. This year, there will also be over 700 performance measures linked to programs in the program budget, with over 300 providing data on performance trends to date.

Reforms in the FY15 Budget

The FY15 budget continues the Patrick Administration's unprecedented commitment to changing the way government does business by proposing and implementing numerous reforms and savings initiatives across state government. Reforms for FY15 include enhanced verification to prevent fraudulent eligibility claims which is estimated to save \$20 million in FY15; implementation of integrated facilities management to protect our capital investments and achieve operating cost savings for state buildings; and reforms to ensure the Commonwealth is more strategic in selecting, procuring and implementing IT projects. The Administration is also filing a legislative package of transportation reforms with this budget that will save approximately \$6 million on an annual basis.

Fiscal Responsibility

Once again, the Governor's FY15 budget proposal is balanced and sustainable. The budget minimizes the use of the state's Rainy Day Fund with a draw of \$175 million, half of what was required to balance last year's budget. This will leave the Rainy Day Fund with a projected \$1.2 billion balance at the end of FY15, one of the highest balances in the country.

The Governor's FY15 budget proposes to utilize only \$334 million in gross one-time resources, down from \$667 million in FY14. The Governor's budget also responsibly funds our long-term fiscal liabilities. The FY15 budget includes a \$1.79 billion pension appropriation which is part of an updated and accelerated pension funding schedule recently announced by the Secretary of Administration and Finance and the Legislature. This represents a \$163 million increase over FY14 and a \$65 million increase over the previously adopted pension schedule. The Governor's FY15 budget also includes an \$82 million deposit into the State Retiree Benefits Trust Fund to address the Commonwealth's unfunded retiree health benefit (OPEB) liability.

Commitment to Municipalities

Governor Patrick's FY15 budget maintains the Administration's commitment to building strong partnerships with cities and towns and supporting their efforts to operate more effectively and efficiently. Governor Patrick continues support in FY15 for programs, such as the Community Innovation Challenge Grant Program, that cities and towns are using to change the way local government does business at an unprecedented pace, with the overarching goal of preserving local services for residents and taxpayers.

The FY15 budget also proposes a total of \$ 5.6 billion for local aid, including \$4.4 billion for K-12 Chapter 70 education aid – an increase of \$100 million from last year and the highest level in state history.

Other FY15 Local Aid funding includes:

- Unrestricted General Government Aid at \$920 million, maintaining last year's \$21 million increase;
- The Special Education Circuit Breaker will maintain funding of \$252 million directly to municipalities, after an increase of \$11 million in FY14;
- Veterans Benefits are funded at \$50.1 million, an increase of \$1.75 million over FY14;
- Regional School Transportation is level funded at \$51.52 million;
- Charter School Reimbursement is level funded at \$75 million;
- School Food Services Program is level funded at \$5.42 million;
- Municipal Library Aid is funded at \$6.96 million;
- Regional Library Local Aid is funded at \$9.72 million.

Revenues in the Governor's FY 15 Budget

The Governor's FY15 budget includes new resources to support the investments made in this budget:

- \$57 million in new tax revenue derived from applying the sales tax to candy and soda purchases to be dedicated to supporting public health services and infrastructure in the Commonwealth; and
- \$40 million in tax revenues by proposing to close loopholes that the Governor has supported closing in previous fiscal years, including imposing the room occupancy tax on the mark-up that room resellers like online travel websites receive as well as applying the room occupancy tax on transient rentals, and applying the corporate tax rate to pass-through entities owned by insurance companies and security corporations.

Other resources in FY15 include: approximately \$203.5 million more from refining our policy on settlements or judgments in excess of \$10 million to more closely align with our capital gains provision, which sets a threshold above which capital gains collections are unavailable to support budgetary expenditures and instead must be dedicated to the Commonwealth's Rainy Day Fund; \$20 million of operating tax revenue collections from the launch of the first Massachusetts gaming establishment at the end of calendar year 2014; and \$24.2 million from modernizing the state's existing bottle redemption law to include non-carbonated beverage containers such as bottled water and sports drinks.

For more information on the Governor's FY15 budget, please [click here](#).

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